

No. 15922

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EVEREST & JENNINGS, INC., a Corporation,

Appellant,

vs.

E & J MANUFACTURING COMPANY, a Corporation,

Appellee.

E & J MANUFACTURING COMPANY, a Corporation,

Appellant,

vs.

EVEREST & JENNINGS, INC., a Corporation,

Appellee.

PETITION FOR REHEARING UNDER RULE 23.

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PETITION FOR REHEARING UNDER RULE 23.

The defendant, Everest & Jennings, Inc., respectfully petitions this Court for a rehearing under Rule 23 for the following reasons.

True Statement of Defendant's Contentions.

At page 6 of the present opinion the statement is made

"It is the position of defendant that the Federal Trademark Laws do not prevent a person or corporation from honestly and fairly using its own name or abbreviation thereof on his or its own goods. Defendant claims that therefore it is entitled to use the trademark 'E-J' *without restraint.*"*

*Italics are supplied herein for purposes of emphasis unless otherwise indicated.

Defendant has not claimed and does not claim to be entitled to use the trademark *without restraint*. It is not necessary to the defendant's case to make such a broad contention. On the contrary, defendant contends that its use of its own initials has been done honestly and fairly and has only been with *self-imposed restraints* reasonably designed to avoid confusion. If these self-imposed restraints are insufficient this Court should identify them and enjoin their use only. If the self-imposed restraints are sufficient and demonstrate that defendant is attempting no fraud or deceit as found by the Trial Court in its oral opinion [R. 479] then the action should fail.

It should be borne in mind that the law has never required that the defendant *insure* against *all* confusion but merely to take such precautionary steps that there is no *reasonable likelihood* for confusion, which will result in damage to the plaintiff or deceit of the public.

It should also be borne in mind that plaintiff's rights are restricted to its use of its trademark on its goods which being resuscitators and oxygenators, are radically different from invalid wheel chairs and walkers. As said in *American Steel Foundries v. Robertson*, 269 U. S. 372, 382:

"The mere fact that one person has adopted and used a trademark on his goods does not prevent the adoption and use of the same trademark by others on articles of a different description. There is no property right in a trademark apart from the business or trade in connection with which it is employed."

A true statement of defendant's contention is not that defendant contends that it is entitled to use the trademark "E-J" *without restraint*, but instead, what the defendant has done in using its trademark has been done honestly

and fairly with self-imposed restraints already applied by the defendant. These restraints are reasonably designed to prevent all "likelihood of confusion" as this term is used in the statute. Defendant cannot prevent confusion or mistake resulting from pure carelessness or a lack of a reasonable amount of attention on the part of the prospective purchaser. Defendant is only responsible if it acts or use of its trademark will result in confusion or mistake in spite of the use of reasonable care or a reasonable amount of attention on the part of the trade. The present self-imposed restraints are reasonably designed to prevent all confusion except on the part of the careless and the inattentive.

The Fact That the Name of the Defendant Corporation Is Derived From the Surnames of Its Incorporators Has Relevancy.

At page 6 of the present opinion the statement is made "Whatever rights a person may have to use his own name are not relevant here. Everest & Jennings, Inc., is an arbitrary name selected as the name of a corporation, and, as such corporation, is not entitled to the same equitable considerations as an individual using his own name."

The same identical contention was made in *Howe Scale Company v. Wyckoff, Seamans and Benedict*, 198 U. S. 118, and rejected by the Supreme Court. In that case the plaintiff claimed as trademarks for typewriters "Remington typewriter" and "Remington standard typewriter" and claimed to have registered "Remington" and "Remington Standard" as trademarks applied to typewriters. The defendant was charged with fraud and unfair competition in making use of the corporate name, "Remington-Sholes Company," and the designations "Remington-Sholes," "Rem-Sho," and "Remington-Sholes Company"

in advertising for sale, offering for sale, and selling typewriting machines. It is to be observed from these facts that the name of the accused company, Remington-Sholes Company, was not the surname of "Remington" alone or "Sholes" alone, and that the trademark "Rem-Sho" was not an abbreviation of the surnames of either "Remington" or "Sholes" but an abbreviation of the name Remington-Sholes Company.

Petitioner's counsel contended at page 126:

"It being a general custom to employ personal names for corporations, no distinction can be made between the use of such names in a firm and in a corporation since in both cases the names adopted are selected and artificial. (Citing cases.)

"The courts recognize that the business of a corporation or of a firm in which a man has his capital invested and to which he devotes his whole time and energy is his business, and that he has a right to use his name in connection therewith.

"Although it is true that there is no necessity for a man engaged in a corporation or in a firm to employ his name in connection therewith—since both firm and corporate names are alike artificial—this lack of necessity for using a personal name cannot affect the individual's right to so use it, for such use is a universally recognized legitimate and reasonable use of a personal name." (Citing cases.)

Counsel for respondents contended at page 131:

"Corporations which do not inherit their names but assume them voluntarily, may not use their assumed names if such use shall result in the confusion and deception of the public and the displacement of the good will of another's business (citing cases.) The selection of this particular name shows fraud (citing cases.)"

The court in its opinion said at page 138:

“The formation of a corporation was an effective form of business enterprise and was not only reasonable in itself, but the usual means in the obtaining of needed capital. And as Wallace, J. said: ‘It was natural that those who had invented the machine and had given all their time and means in introducing it to the public, when they came to organize the corporation which was to represent the culmination of their hopes and efforts, *should choose their own name as their corporate name. In doing so, I think they were exercising only the common privilege that every man has to use his own name in his own business* provided it is not chosen as a cover for unfair competition. They did not choose the complainant’s name literally or so closely that those using ordinary discrimination would confuse the activity of the two names and that differentiation is sufficient to relieve them of any imputation of fraud.’ ”

Page 140:

“Neither of them (Remington or Sholes) was paid for the use of his name, and neither of them had parted with the right to that use. *Having the right to that use, courts will not interfere where the only confusion, if any, results from a similarity of the names and not from the manner of use.* The essence of the wrong in unfair competition consists in the sale of goods of one manufacturer or vendor for those of another, *and if defendant so conducts its business as not to palm off its goods as those of complainant the action fails.*

“As observed by Mr. Justice Strong in the leading case of Canal Co. v. Clarke, 13 Wall. 311: ‘Purchasers may be mistaken but they are not deceived by false representations and equity will not enjoin

against telling the truth.' And by Mr. Justice Clifford in *McLean v. Fleming*, 96 U. S. 245: 'A court of equity will not interfere when ordinary attention by the purchaser of the article would enable him at once to discriminate the one from the other' * * *

"We hold that in the absence of contract, fraud, or estoppel any man may use his own name in all legitimate ways, *and as the whole or a part of the corporate name*. And in our view defendant's name and trademark were not intended or likely to deceive and there was nothing of substance shown in defendant's conduct in their use constituting unfair competition or calling for the imposition of restrictions lest actionable injury might result as may confessedly be done in a proper case."

In view of the foregoing ruling made on the contentions advanced by opposing counsel, it is respectfully submitted that Everest, in a legitimate exercise and use of his own name, could bestow his surname on the partnership, Everest & Jennings, *and on the corporation* that he subsequently helped cause to be incorporated. Similarly, Jennings could bestow the use of his own surname on the partnership and on the corporation which he, with Everest, helped create for the purpose of exploiting the wheel chairs that they had jointly invented and to which they had given all their time and means in introducing to the public.

The fact that the name of the defendant-corporation was derived from a combination of the surnames of the two incorporators is just as relevant here as it was with Remington and Sholes, as it was a legitimate exercise of their rights for Everest and Jennings to use their surnames in the corporation which they caused to be created to raise capital and exploit their wheel chairs. The corporation, as the recipient of such a bestowal, is entitled to the same equitable consideration as the individuals from

whom its name is derived. We conceive this to be the express holding of the Supreme Court in *Howe Scale v. Wyckoff, Seamans & Benedict, supra*, and that it is *contra* to the statement made by this court in its opinion.

The goodwill developed by the partnership, Everest & Jennings, after it was created did not become the private property of either Everest & Jennings, individually, but belonged to the partnership. And when the corporation was formed it acquired such goodwill and assets as the partnership held, and developed further goodwill of its own which was not the property of Everest & Jennings, individually, nor the private property of any other stockholder. We submit, therefore, that it is a relevant consideration whether the name, Everest & Jennings, Inc., is merely an arbitrary or fictitious name, or whether this name was derived from a legitimate and fair use of the rights of Everest or Jennings, individually, to use their surnames in the corporate name of the corporation that they caused to be created.

If anything is irrelevant at this point in the opinion it is the citation of the *Brooks* case (*Brooks Bros. v. Brooks Clothing of Calif.*, 60 Fed. Supp. 442) for as stated in the *Brooks* opinion:

“So at the outset we are confronted with the situation that the defendant has no natural right to the use of ‘Brooks’ in its corporate name or in its business. *No man of that name has ever been connected with it.* It adopted the name as a convenience. Consequently, as to it, the plaintiff’s rights are not even circumscribed as they *would be if dealing with a business using the family name of a natural person who is connected with it.*”

The fact that Everest is now no longer affiliated with defendant-corporation is immaterial. If one of the incor-

porators of a corporation dies after having bestowed the use of his name on the corporation he helped to create to exploit and introduce his invention to the public, certainly rights of the corporation continue to use the surname thereafter and do not die with him. And if the incorporator sells out his stock and quits the corporation and goes elsewhere, the rights of the corporation to continue with the use of his name and to retain the goodwill that the corporation has developed in connection therewith manifestly continues.

See, *Herring-Hall-Marvin Safe Co. v. Hall's Safe Co.*, 208 U. S. 554, 558:

"The original company from 1867 to 1892 was attaching to Hall's safes the reputation that made the name famous and desired. Whoever achieved it did so through the medium of the company. *The good will thus gained belonged to the company* and was sold by it with all its rights when it sold out. See *Le Page Co. v. Russia Cement Co.*, 51 Fed. Rep. 941, 943. So that the question is narrowed to what its rights would have been at the present day if it had kept on."

We respectfully submit, therefore, that it is a relevant consideration that the name of the defendant-corporation was derived from the individuals, Everest and Jennings who caused it to be created. It is not an arbitrary name selected as the name of a corporation but is a name derived from the rights of Everest and Jennings, as individuals, to use their own names in their own business, regardless of whether such business is a partnership or a corporation. The corporation deriving its name in this manner, is entitled to the same equitable considerations as those that Everest and Jennings "would have been at the present day if it (they) had kept on."

Nature and Breadth of the Injunction.

At page 7 of the opinion the statement is made:

“Our main problem on the defendant’s appeal is the breadth of the injunction issued by the trial court.”

At page 10, this court concludes:

“The injunction should prohibit the use by the defendant of the mark ‘E & J’, or any colorable imitation thereof, including ‘E-J’ by defendant in connection with its correspondence, advertising, catalogs, and any other form of sales promotion * * *.”

We interpret this to mean that the defendant is to be absolutely prohibited in using “E & J” or “E-J” *in any form whatsoever* in its correspondence, advertising, catalogs, and all forms of sales promotion regardless of how closely it may have associated or depicted therewith the full name and address of the defendant. Nowhere in the opinion is there any reference to any correspondence, advertising, or catalogs or form of sales promotion that is characterized by this court as being wrongful.

In *Singer Mfg. Co. v. June Mfg. Company*, 163 U. S. 169, 200, the Supreme Court said:

“This leaves only two questions, first, whether the name as used in the circulars and advertisements of the defendant is accompanied with such plain information as to the source of manufacture of the machines by them made as to make these circulars and advertisements lawful; and second, whether this also is the case with the use of the word ‘Singer’ on the machines which the defendant makes and sells. As to the first of these inquires, the proof shows that the *circulars are so drawn as to adequately indicate*

*to anyone in whose hands they may have come that the machines therein referred to are made by the June Manufacturing Company and not by the Singer Company. We therefore dismiss the circulars from view * * *."*

We respectfully submit that the injunction should not prohibit all use by the defendant of the use of "E & J" or "E-J chairs" in its own correspondence with its own dealers, or its own customers when such use is on correspondence paper bearing the defendant's own letterhead showing the full name and address of the defendant. The trade has been referring to the defendant's products as "E & J chairs" for years, see for example Defendant's Exhibits G and H appearing at 771 and 773 of the record. It will probably continue to do so regardless of what kind of an injunction is issued herein. Is the entire trade to be allowed to refer to the defendant's products as "E & J chairs" in correspondence and otherwise, but the defendant in replying to such correspondence to be denied the right to answer such correspondence in the trade's own language? Certainly, use by the defendant of the terms "E & J chairs" or "E-J chairs" in its own correspondence under its own letterhead with its own customers and with its own dealers has not been shown to be the cause of any confusion, and it is inconceivable how it could be. An absolute injunction prohibiting the defendant talking or writing to its own dealers and customers in terms of their own language is too broad and is not justified by the record.

The injunction should not prohibit all use by the defendant of "E & J" or "E-J" or any colorable imitation thereof in its own catalogs where the full name of the defendant and defendant's full address conspicuously ap-

pear. In *Singer v. June, supra*, the circulars which may have been in the form of small catalogs or brochures were “so drawn as to adequately indicate to anyone in whose hands they may have come that the machines therein referred to were made by the June Manufacturing Company and not by the Singer Company. We therefore dismiss the circulars from view.”

In the present case defendant’s catalogs likewise are so drawn as to adequately indicate to anyone in whose hands they may have come that the wheelchairs therein referred to are made by the defendant and not by the plaintiff. These catalogs should consequently be dismissed from view.

Defendant’s catalog for 1952, has been introduced in evidence [R. 387] as Exhibit E. This catalog is typical of defendant’s other catalogs. The full name of the defendant appears on the cover. On page 1, there is displayed a shield in the upper left-hand corner of which is the letter “E” and the lower right-hand corner there appears the letter “J.” Between these letters “Everest & Jennings” is written horizontally in full. Is such a use in defendant’s catalog a colorable imitation of “E & J” or “E-J” and to be enjoined under the present opinion, or should it be dismissed from view as in *Singer v. June, supra*?

On page 3, the shield again appears not only with the full name of the defendant across the shield, but in addition thereto the full name and the then street address of the defendant is given as being the designer, manufacturer and distributor. Is this use of the initials “E & J” wrongful and to be enjoined, or is it to be dismissed from view as in *Singer v. June, supra*?

On page 4, the shield again is displayed and the full name of defendant not only appears on the shield itself, but it also appears on the illustrations of Plant No. 1 and of the administration office.

On page 5, Everest & Jennings is written in full four times and neither "E & J" nor "E-J" are used. On page 7, Everest & Jennings is written in full three times, and "E & J" or the equivalent does not appear. On pages 9 and 10, Everest & Jennings is written in full in bold type.

On page 11, Everest & Jennings in full appears four times in bold type and the shield also is displayed but without defendant's name therein. At the bottom of the page the statement is made, "One easy motion folds an E & J chair; merely lift the seat." Is this use of the initials "E & J" to be completely and forever barred to the defendant, or should it be dismissed from view as in *Singer v. June*, because of the prominent and close association of the defendant's full name signifying that "E & J" in reference to wheel chairs refers to wheel chairs of the defendant's manufacture?

On pages 14 and 15 the full name of the defendant appears prominently and boldly, and the same is true of pages 16 to 20.

On page 20 the heading is "Everest & Jennings Hospital Chair" in bold type. In smaller type the statement is made "The lightweight E & J hospital chair is easily adjusted * * *." Is this use of "E & J" to be enjoined entirely and forever, or is it to be dismissed from view because it unmistakably or boldly appears that "E & J" is but a nickname or abbreviation for defendant's full name?

On pages 21, 22, 26, 27, 28, 29 and 30, the full name of the defendant boldly appears.

On page 32 the shield appears without defendant's name therein, but defendant's full name appears in bold type at the top of the page.

On page 33, defendant's full name appears at the top of the page in bold type.

At the top of page 34 the heading is "E & J custom built back modifications." Here, the use of "E & J" rather than Everest & Jennings was obviously adopted because of the limitations of the width of the page and to avoid making a two-line heading as on page 35. It should be obvious to any peruser of this catalog at this point that "E & J" is but an abbreviation for defendant's full name so conspicuously displayed elsewhere throughout the catalog. Is this use of "E & J" to be forever barred to the defendant, or should it be dismissed from view under the circumstances set forth in *Singer v. June, supra*?

On page 36 the heading is "E & J optional footrest and legrest accessories," and the illustrations of the footrests show how the initials "E-J" are displayed thereon.

On page 37 the heading is "Additional E & J modifications not illustrated." The shield without the defendant's name is displayed but defendant's full name appears elsewhere on this page. In view of the fact that defendant's full name appears not only on this page but prominently elsewhere throughout the catalog, are these to be enjoined? Can defendant no longer illustrate the footrests as illustrated on page 36? Can defendant no longer use the shield in the catalog? Can defendant no longer use the abbreviation "E & J" on a page of its catalog where

the length of the title renders it inexpedient to use the defendant's full name because of the limitations of page widths?

On page 38 the name Everest & Jennings is again used in full in bold type in the title. The same is true of page 40 in the title "Everest & Jennings adjustable folding walker." On this page in smaller type the statement is made, "With the E & J adjustable folding walker the user when tired can sit * * *." Was it the intention of this court to enjoin such use of "E & J" when the full name of defendant appears in bold type at the top of the page?

On page 42 the heading at the top of the page reads, "Everest & Jennings Commodes." In smaller type on the same page two styles are identified, to wit, "E & J over toilet commode" and "E & J bedside commode." Is this use of "E & J" to be enjoined or as indicated in *Singer v. June, supra*, is the page so "drawn as to adequately indicate to anyone in whose hands they may have come that the machines therein referred to were made by the" defendant and not the plaintiff and should consequently be dismissed from view.

On each of the remaining pages of Exhibit E the full name of the defendant appears at least once. On the rear cover there is again displayed the shield bearing defendant's full name across the middle and the statement "E & J chairs are recognized as the standard of quality."

We respectfully submit that to enjoin all use by the defendant in its catalogs of the initials "E & J" as an abbreviation for its own name where the defendant's full name and address appear prominently elsewhere in the same catalog is going entirely too far.

Advertising.

What we have called attention to in defendant's catalog Exhibit E, is equally applicable to defendant's advertising. Defendant's witness, Harry Dunn, Vice President in charge of sales and promotion for Everest & Jennings, Inc., testified [R. 388]:

"Q. (By Mr. Miller): Since December, 1952, has the Everest & Jennings Company at any time used the initials 'E' and 'J' in a situation where the full name of Everest & Jennings did not appear in close proximity to it? A. Not to my knowledge. If so, it was contrary to my instructions.

Q. What were your instructions to your advertising department or your advertising agency?

* * * * *

The Witness: The advertising agency was instructed to use the name of Everest & Jennings wherever the initials 'E' and 'J' were used, or wherever the shield bearing the initials 'E' and 'J' were used."

A sample of defendant's magazine advertising appears in Hospital Progress Exhibit 39 at page 94A. In the advertisement the heading in bold type is "Everest & Jennings folding wheel chairs." The advertisement is signed with the full name of the defendant and defendant's street address. In the body of the ad and in smaller type three references are made to the defendant's chairs or folding wheel chairs as "E & J."

Certainly defendant's case here is much stronger than that of the defendant in *Singer v. June, supra*. Therein defendant's name was not Singer and no one connected with the defendant was named Singer. Defendant had merely acquired the right to use the name Singer by reason of its having passed into the public domain with the expi-

ration of plaintiff's patents. As it clearly appeared on the circulars that the manufacturer of the defendant's machines was the defendant, the circulars were dismissed from view. *A fortiori* defendant's magazine advertising should likewise be dismissed from view until established to be wrongful, deceitful, or fraudulent. The injunction should not enjoin a legitimate use of the initials where defendant's name as manufacturer clearly appears.

Another example of defendant's advertising is that advertising which appears in the yellow pages of telephone books throughout the country. A typical sample of that advertising has been introduced as Defendant's Exhibit F [R. 390, 391] transmitted as a physical exhibit. For a more ready reference, see column 2 of page 2029 of the current yellow pages of the Los Angeles Telephone Directory. Therein, the defendant's shield previously described is displayed. The reproduction of the shield is so small that the full name of the defendant cannot and does not appear *therein*. However, immediately adjacent the shield in bold type appears the full name of the defendant. The advertising done in the yellow pages of the telephone books certainly identifies wheel chairs symbolized or identified by the shield as being manufactured by the defendant and no other. Is the display of the shield with the initials "E & J" thereon as depicted in this exhibit to be forever barred and denied to this defendant, or is it to be dismissed from view because of the prominent, bold identification of the defendant which is merely symbolized by the shield?

The present opinion would seem to deny to the defendant all use of the initials "E & J" in correspondence, catalogs, advertising and promotional matter of any kind regardless of whether it is used in conjunction with the full

name and address of the defendant or not. In this respect the injunction goes much farther than in *Singer v. June* and unjustifiably so. Certainly there has been no confusion and there is no likelihood of confusion arising from prospective purchasers reading defendant's correspondence, catalogs, advertising or promotional material as displayed by the record in this case. If an injunction is to be issued directed against such advertising, catalogs or promotional literature, it should be restricted in the same manner as the injunction was restricted in *Singer v. June, supra*, to wit:

“first, from using the word Singer (E & J or the equivalent) or name equivalent thereto in advertisements in relation to sewing machines (wheel chairs) without clearly and unmistakably stating in all said advertisements that the machines are made by the defendant as distinguished from the sewing machines (resuscitators and oxygenators) made by the Singer Manufacturing Company (the E & J Manufacturing Company).”

As the defendant has already self-imposed these restraints no wrong has been committed and the action should therefore fail. But even if an injunction were issued it certainly should be no more onerous than in *Singer v. June, supra*.

While we have compared the facts of this case closely with the facts and ruling of *Singer Manufacturing Company v. June Manufacturing Company, supra*, a similar line of distinction exists in *Herring-Hall-Marvin Safe Company v. Hall's Safe Company*, 208 U. S. 554, one of the cases cited by this court in its opinion. At page 559, the Supreme Court said:

“Some of the Halls might have left it and set up for themselves. They might have competed with it,

they might have called attention to the fact that they were the sons of the man who started the business, they might have claimed their due share, if any, of the merit in making Hall's safes what they were. *White v. Trowbridge*, 216 Pa. State 11, 18, 22. But they would have been at the disadvantage that some names and phrases otherwise truthful and natural to use, would convey to the public the notion that they were continuing the business done by the company, or that they were in some privity with the established manufacture of safes which the public already knew and liked. To convey that notion would be a fraud, and would have to be stopped. Therefore, such *names and phrases could be used only if so explained that they would not deceive.*

"The principle of the duty to explain is recognized in *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118. It is not confined to words that can be a trademark in a full sense. The name of a person or a town may have become so associated with the particular product that the mere attaching of that name *to a similar product without more* would have all the effect of a falsehood. *Walter Baker & Co. v. Slack*, 130 F. Rep. 514. *An absolute prohibition against using the name would carry trademarks too far.* Therefore the rights of the two parties have been reconciled by allowing the use *provided that an explanation is attached.* *Singer Manufacturing Co. v. June Manufacturing Co.*, 163 U. S. 169, 200, 204, *Brinsmead v. Brinsmead*, 13 Times L.R. 3, *Reddaway v. Banham* (1896), AC 199, 210, 222, *American Waltham Watch Co. v. United States Watch Co.*, 173 Massachusetts 85, 87, *Dodge Stationery Co. v. Dodge*, 145 California 380. Of course the explanation must accompany the use as to give the antidote with the bane."

Page 560:

“We are not disposed to make a decree against the Halls personally. That against the company should be more specific. It should forbid the use of the name Hall either alone or in combination, incorporate name on safes or in advertisements *unless accompanied by information that the defendant is not the original Hall's Safe & Lock Company or its successor*, or as the case may be, that the article is not the product of the last named company or its successor. *With such explanations the defendants may use the Hall's name* and if it likes may show that they are the sons of the first Hall and brought up in their business by him and otherwise may state the facts.”

See also, *Donnell v. Herring-Hall-Marvin Safe Co.*, 208 U. S. 267, 272, 273:

“There is nothing to show that while that company was going the sons of Joseph L. Hall could not have set up in business as safe makers *under their own name*, subject only to the duty not to mislead the public into supposing when it bought from them that it was buying their father's safes.”

Page 274:

“A further argument was based on the confusion produced by the petitioner through his use of signs and advertisements calculated to make the public think that his concern was the successor of the first corporation and otherwise to mislead. This confusion must be stopped so far as it has not been by the decree in force, and it will be. *But it is no sufficient reason for taking from the Hall's the right to continue the business to which they were bred and to use their own name in doing so.* An injunction against using any name, mark or advertisement indicating

that the plaintiff is the successor of the original company, or that its goods are the product of that company, or its successors or interfering with the good will bought from it, will protect the right of the Herring-Hall-Marvin Company and is all that it is entitled to demand."

In the *Howe Scale Company* case the plaintiff was manufacturing and selling typewriters; so was the defendant. In the *Brooks Clothing* case the plaintiff was selling clothes; so was the defendant. In the two *Herring-Hall-Marvin Safe Company* cases the plaintiff was manufacturing safes; so was the defendant. In *Singer v. June* the plaintiff was selling sewing machines; so was the defendant. But here, the plaintiff is not manufacturing or selling invalid wheel chairs and walkers, and likewise the defendant is not manufacturing or selling resuscitators and oxygenators. The goods of the plaintiff and defendant are radically different from each other, have different potential customers, different competitors, and different trades, save and except hospitals and hospital supply houses, which deal in and use virtually every product designed to ameliorate human ailments.

Use on Defendant's Wheel Chairs and Walkers.

In describing the use of the initials "E & J" on defendant's wheel chairs at the top of page 3 of the present opinion, this court neglects to mention that on the side of the chair there appears a paper label on which is depicted the shield previously described having "E" in the upper left-hand corner, "J" in the lower right-hand corner, illustrations of wheel chairs in the remaining corners and the full name of defendant written across the middle. This paper label is removable, it is true. However, it is applied to

defendant's wheel chairs so that defendant's wheel chairs can be readily distinguished from those of defendant's competitors when a group of wheel chairs are lined up in a row on a display room floor. Invalids are frequently sensitive as to their infirmities, and to avoid having their wheel chairs serve as moving advertisements of the manufacturer during continued use, the paper label is removable. However, at the time of selection and purchase the label bearing defendant's shield is present on the wheel chairs for the purpose of branding and distinguishing defendant's wheel chairs from those of competitors arranged in a row.

The injunction ordered in the opinion apparently permits the defendant's use of the mark "E-J" on its invalid wheel chairs as identification of the product only

"but provided that when it is so used the mark be accompanied by the full corporate name and address *immediately next to or incorporated in the mark itself.*"

We interpret this to signify that the use of defendant's paper label, above described, on the wheel chair is a proper use, and if so, we believe that the opinion should not only mention the label but indicate that it is proper.

The remaining problem, however, concerns the interpretation of the words "*immediately next to or incorporated therein.*" On the footrests "E-J" appears on the upper side. The full name of the defendant appears on the under side. The actual spacing between the initials and the full name is merely the thickness of the metal of the footrest at this point, probably not exceeding $\frac{1}{4}$ inch. Measured around the periphery of the footrest the distance is somewhat greater. Is this use of the defendant

in compliance with or in violation of the terms of the injunction to be issued, bearing in mind that although the initials and the name are on opposite sides of the footrest, that the footrest is intentionally pivotally mounted on the chair so that it can be swung up into vertical position on entering or leaving the chair?

Defendant's name plate carrying defendant's full name and street address is permanently attached to the X-brace. The spacing of the name plate from the footrests on which the initials appear does not exceed $1\frac{1}{2}$ feet. Does this use of the full corporate name and address constitute having the "full corporate name and address *immediately* next to * * * the mark itself"?

We believe that the injunction, if any, to be issued here should compare favorably with that entered in *Singer Manufacturing Company v. June Manufacturing Company*, 163 U. S. 169. Therein, it was determined that although the circulars issued by the defendant adequately indicated that the defendant was the manufacturer of the sewing machines involved, on the machines themselves there was no adequate disclosure of the source of manufacture. As said in the opinion, page 200:

"On the second question, the proof also is clear that there was an entire failure on the part of the defendant to accompany the use of the word 'Singer' on the machines made and sold by him with sufficient notice of their source of manufacture to prevent them from being bought as machines made by the Singer Manufacturing Company and thus operate an injury to private rights and a deceit upon the public. Indeed, not only the acts of omission in this regard but the things actually done give rise to the overwhelming implication that the failure to point to the origin of manufacture was intentional, and that the system of mark-

ing pursued by the defendant had the purpose of enabling the machines to be sold to the general public as machines made by the Singer Company.”

The injunction order reads as follows:

“Second, also perpetually enjoining the defendant from marking upon sewing machines or upon any plate or device connected therewith or attached thereto the word ‘Singer’ or words or letters equivalent thereto, without clearly and unmistakably specifying in connection therewith that such machines are the product of the defendant or other manufacturer and therefore not the product of the Singer Manufacturing Company.”

Although defendant’s identification of himself as the manufacturer was held to be insufficient in that case, the injunction did not require the defendant to apply its full corporate name and address, “immediately next to or incorporated in the mark itself,” but instead, merely made it incumbent upon the defendant to

“clearly and unmistakably specify (ing) in connection therewith that such machines are the product of the defendant or other manufacturer and therefore not the product of the”

plaintiff.

We think that the court here should indicate what, if anything, it regards as being a wrongful marking by the defendant with respect to Exhibit A. If nothing is wrongful the action should fail. At all events, the injunction should not go farther than that in *Singer v. June*, *supra*, which merely requires the defendant to clearly and unmistakably indicate on the chair itself that the defendant, and therefore, not the plaintiff is the manufacturer.

The Case Should Be Dismissed for Failure of Proof.

We have undertaken to point out in considerable detail that the defendant is fairly and honestly using the initials of its own name on its own products. While defendant has used the initials "E & J" it has always closely associated therewith an explanation in one form or another that the "E & J" as used in its advertising and on its products signifies Everest & Jennings, Inc., and therefore not the plaintiff, E & J Manufacturing Company.

It cannot truthfully be said that the mistake made by Hospital Progress was due to the fact that "E & J" appeared on the footrests of the defendant's wheel chairs. It cannot truthfully be said that this mistake was occasioned by the use of the initials "E & J" in the advertising of defendant where defendant's full name and street address has consistently appeared. Likewise, misaddressed mail cannot be attributed to the defendant's use of "E & J" on its wheel chairs or in its advertising. Instead, it is more readily attributable to mere carelessness and inattentiveness by the addresser of the mail.

Corporations as well as individuals can acquire nicknames and develop goodwill affiliated therewith. Thus, General Electric Company is frequently referred to as "GE"; Radio Corporation of America is frequently referred to by its initials "RCA"; Pacific Gas & Electric Company in the San Francisco Bay area is commonly designated as "PG&E." Aluminum Corporation of America is frequently referred to as merely "ALCOA." The Atchison, Topeka & Santa Fe Railway is commonly designated merely as the "Santa Fe." The Southern Pacific Railway is frequently referred to as merely the "SP." In connection with the Southern Pacific it is interesting to note that although this railroad is commonly referred to

by its initials "SP" it does not have these initials for its symbol on the New York Stock Exchange, the initials "SP" being used by South Penn Oil Company on the American Stock Exchange.

That a corporation as well as an individual may acquire a nickname in the form of its initials, see *Great Atlantic & Pacific Tea Company v. A & P Radio Stores*, 20 Fed. Supp. 703, 705:

"It is obviously impossible for a corporation having a name as long as that of the plaintiff to prevent the public from shortening it or using its initials as a nickname. This is a very wide practice particularly in connection with large enterprises such as railroads. Thus in Philadelphia the Philadelphia Rapid Transit Company which operates the local street railways is universally referred to as the PRT. Furthermore, the adoption and use by the public of such a nickname as a trade name is unquestionably of real value to the company."

In the present case the adoption and use by the public or the wheel chair trade of the nickname "E & J" is likewise of real value to the defendant and as long as the defendant in its activities has been careful to indicate that "E & J" in connection with wheel chairs signifies the defendant and not the plaintiff, no fraud or deceit has been committed.

We think that the facts of this case are closely comparable with *Lerner Stores Corporation v. Lerner* (C. C. A. 9), 162 F. 2d 160, 73 U. S. P. Q. 524. Therein, the defendant's activities are described as follows:

"Appellee, Wilfred A. Lerner, during May 1944, ran a series of advertisements in the morning and evening newspapers of San Jose advising that he was

opening a store to be known as 'Lerner's,' and after the store had been in operation for approximately one week appellee ran an advertisement in the same papers expressing appreciation for the acceptance of the new store and closed the advertisement with the words, 'as always—Lerner's.' This was appellee's first venture in the sale of feminine wearing apparel at retail and his first business to be established in San Jose.

"Approximately six weeks after appellee opened his store appellant wrote him a letter protesting his use of the name 'Lerner's' and appellee immediately set about making additions to the name so as to avoid confusion in the minds of the customers. Appellee used a continuous script type for his advertising and store front modeled on his own handwriting, which style of lettering differed in every material respect from the arrangement, lettering and text of appellant's store front, and the advertising used by appellee was so arranged as to convey to the public the information that he dealt in merchandise of a generally higher quality and price than 'Lerner Shops.' Appellee also dropped the apostrophe S ('s), added his given name 'Wilfred' and the words, 'Home Owned.'

"The underlying questions are, Did the use of the name 'Lerner,' by appellee, lead the public to understand that his goods were the goods of appellant 'Lerner Shops'? (of which there were 181 stores located in forty-one states)."

A different panel of this court concluded:

"Third: In support of its contention that it is entitled to the relief sought appellant cites inter alia, *Waterman Pen Co. v. Modern Pen Co.*, 235 U. S. 88, and *Horlick's Malted Milk v. Horluck's Inc.*, 59 F. 2d 13, CCA 9.

“In the instant case the appellee took the ‘reasonable precautions’ which the court decided were necessary in the case of *Waterman Co. v. Modern Pen Co.*, supra. Further, there is an entire absence of a showing of fraud. It was to ‘prevent a fraud’ that the injunction was granted in the *Waterman* case, supra.

“In *Horlick’s* case, supra, we said:

“‘But where a personal name has been associated in the minds of the public with certain goods or a particular business, it is the duty of a person with the same or similar name, subsequently engaged in the same or similar business or dealing in like goods, *to take such affirmative steps as may be necessary to prevent his goods or business from becoming confused with the goods or business of the established trader.*’ (Emphasis supplied; 59 F. 2d 15.)

“In this case such steps were taken.

“Appellant cites numerous cases such as *Brooks Bros. v. Brooks Clothing of California*, 60 F. Supp. 442 (D. Ct., S. D. Cal.) affirmed per curiam, 158 F. 2d 798, cert. den., May 12, 1947, where defendant made false radio advertising claims designed to create confusion between itself and plaintiff; and *Stewart’s Sandwiches, Inc. v. Seward’s Cafeteria*, 60 F. 2d 981 (D. Ct., S. D. N. Y.), where defendant, who had never before conducted a cafeteria, advertised his first venture as, ‘Coming Soon! Another Seward’s Cafeteria.’

“The element of false advertising or other conduct designed to mislead the public or cause confusion which was controlling in the cited cases, is absent here.

“In *Sweet Sixteen Co. v. Sweet ‘16’ Shop, Inc.*, 15 F. 2d 920, CCA 8, plaintiff with stores on the Pacific Coast had advertised its business extensively in newspapers in Utah and elsewhere. Defendant opened

a 'wholly similar' business, and there numerous instances appeared wherein dealers and customers were actually misled into mistaking defendant's business for plaintiff's. The advertising by the company in Utah reached a large number of its inhabitants. These differences sufficiently distinguished this case from that of Sweet-Sixteen Co. v. Sweet '16' Shop, Inc., *supra*.

"Some of the cases cited by appellant refer to the name of a product. Here the name is of an establishment. The principle of protection is identical but the area of protection where the name of an establishment is concerned will be more circumscribed and if the establishment is not operating in the same territory no unfair competition exists."

Likewise here, the element of false advertising or other conduct on the part of this defendant to mislead the public or cause confusion is entirely absent in correspondence, in catalogs, in advertising and on the wheel chairs themselves. As different panels of this court seem to take different views of the law in cases involving comparable circumstances, defendant avails itself of the provision of Rule 23 of suggesting that a rehearing be granted *en banc*.

When we compare the statement in the *Lerner* case

"The element of false advertising or other conduct designed to mislead the public or cause confusion which was controlling in the cited cases is absent here"

with the statement made by this court on page 9 of its opinion

"No conscious design to deceive the public has been shown here, and there is no evidence that the public has been deceived even innocently"

it is difficult to understand why opposite results should be reached. Lerner was not enjoined from using the name Lerner or any colorable imitation thereof in connection with his correspondence, advertising, catalogs, and any other form of sales promotion. Neither should be the defendant.

Conclusion.

We respectfully submit:

(1) The fact that the corporate name of the defendant is derived from the partnership that preceded it, and was derived from the family names of those who caused the corporation to be formed for the purpose of raising capital and exploiting the invention to which Everest and Jennings, as individuals, had devoted their entire time, is an important and relevant consideration. It is not irrelevant as indicated by the present opinion.

(2) Correspondence, catalogs, advertising, and promotional material have not been shown herein to be wrongful in their makeup. The nature of the correspondence, catalogs, and advertising and promotional material heretofore used by the defendant with its self-imposed restraints, has not even been mentioned in the opinion nor criticized nor condemned therein. If defendant's correspondence, catalogs, advertising, and promotional material is not wrongful, and the use of the initials "E & J" therein has always been boldly accompanied by the full corporate name and address of the defendant, use of the defendant's initials with such self-imposed restraints should be permitted—not completely and forever enjoined as by the present opinion.

(3) The present opinion in denying the defendant the right to all use whatsoever of the initials “E & J” in correspondence, catalogs, advertising and promotional material but at the same time permitting the limited use of the initials on the wheel chairs themselves, is apt to result in greater confusion. If defendant is to be permitted the limited use of the initials on the wheel chairs themselves should not defendant be permitted to inform the public by way of correspondence, catalogs, advertising, and promotional material in advance of purchase that their wheel chairs can be thus identified at the time of purchase. A purchaser confronted with initials on the chair *for the first time* at the time of purchase would have reason to wonder whether they were of defendant’s manufacture, or were the manufacture of someone else such as the plaintiff. All avenues of communication to the public and to the trade as to how defendant’s wheel chairs are identified from those of competitors should be left open, and if defendant’s chairs are to be branded in the manner indicated in the opinion, defendant should be able to so inform the public and the trade by correspondence, catalogs, advertising and promotional material. To deny the defendants the right to inform the public by advertising and catalogs as to how the wheel chair actually appears and is branded appeals to us as being most unrealistic.

(4) Use of the symbols “E-J” on defendant’s wheel chairs and walkers themselves has always been accompanied by the full name and address of the defendant—if not immediately adjacent thereto—at least reasonably close thereto. The court in the present opinion does not indicate which of the present uses of the initials on defendant’s wheel chairs is wrong-

ful and which are permissible. We do not think any of them are wrongful, but if the court disagrees and indicates which uses it regards as not already having adequate self-imposed restraints, correction can be readily made.

(5) There is a well recognized distinction between *damnum absque injuria* and enjoicable damage. Where defendant's activities indicate a design to acquire some of plaintiff's business or to mislead the public, these activities can be enjoined. But where the defendant's activities indicate no design on the part of the defendants to acquire plaintiff's business or to mislead the public, as here, but to merely exploit the defendant's own name by way of abbreviation, then such confusion as may arise is *damnum absque injuria* and is not actionable.

Defendant, here, has not and cannot possibly deprive plaintiff of any business because the goods of the parties are so radically different. Defendant could not possibly fill an order for plaintiff's goods, nor vice versa. Misaddressed orders have consequently been referred by both parties to the proper party. Furthermore, the public has not been misled. Its misaddressed mail is not as a result of confusion, but is a result of carelessness. Defendant has made and makes no effort to obtain a "free ride" on plaintiff's reputation. It merely seeks to develop and protect its own and inform the public wherever and whenever possible that "E & J" when used on or in reference to wheel chairs signifies those of defendant's manufacture and not those of any other competitor in the wheel chair industry or goods of the plaintiff.

You are, therefore, respectfully petitioned to grant a rehearing.

Respectfully submitted,

FRED H. MILLER,

ALLAN D. MOCKABEE,

By FRED H. MILLER,

Attorneys for Everest & Jennings, Inc.

Certificate of Counsel.

I, FRED H. MILLER, counsel for Petitioner in the above entitled action, hereby certify that the foregoing petition for rehearing of this cause is presented in good faith and not for delay, and in my opinion is well founded in law and in fact, and proper to be filed herein.

FRED H. MILLER,

Attorney for Petitioner.